

Background Information

The Vision North San Jose project is part of the Smart Growth approach to long-range land use planning based upon the Major Strategies set forth in the City's General Plan. The Vision North San Jose project encompasses a comprehensive and ongoing set of policy changes including an update to the North San Jose Area Development Policy, amendments to the City's General Plan Implementation section text and General Plan land use diagram, a program to build new regional and local infrastructure projects in North San Jose, and adoption of new Zoning District designations. These policy changes are intended to accommodate potential economic growth within North San Jose while contributing to the City's long-term livability by maximizing the use of existing resources and the opportunity to create additional resources in response to regional growth trends.

In June of 2005, the San Jose City Council adopted an updated North San Jose Area Development Policy which acts as the City's guiding policy document for the development capacity of the 4,700-acre North San Jose area located generally north and west of Interstate 880, south of State Route 237 and east of the Guadalupe River. The adopted North San Jose Area Development Policy is primarily intended to establish traffic standards and a corresponding framework for land uses and development capacity within the North San Jose area. The policy establishes specific traffic level of service standards and delineates specific development capacity for the construction of up to 26.7 million square feet of industrial development, 32,000 residential units and 1.7 million square feet of neighborhood commercial development. Some additional development, including other land use types such as regional commercial, may occur provided that it is consistent with the traffic standards included in the Policy. Subsequent to adoption the Policy was subject to a legal challenge, which was resolved in December of 2006. The City is now moving forward with the implementation of the adopted Policy.

Response to questions received from Robert Vitiello

1) Why and how did the City get involved with the Cadence project?

The City is currently involved in the review of a land use entitlement application filed by a potential developer of a property owned by Cadence within the Transit Employment Residential area in North San Jose. The City also reviewed and approved an application filed by Cadence to expand their current industrial office campus. Cadence has expressed a desire to maintain and expand their corporate presence within North San Jose. Economic development, including job retention and growth, is a Major Strategy of the City's General Plan. As noted above, the adopted North San Jose Policy is intended to facilitate the growth of the job base within North San Jose, including projects such as the expansion of the Cadence campus.

As part of the outreach program for the update to the North San Jose Area Development Policy, the City attempted to contact all interested parties in the North San Jose area including all property owners, business tenants and residents. Representatives of Cadence attended several public meetings conducted as part of that outreach and expressed support for the proposed modifications to the Policy. Specifically, Cadence representatives indicated support for the new

Policy because it provided them with additional industrial development capacity to expand their corporate presence in North San Jose and it provided an opportunity to consolidate their campus and finance its expansion by converting a portion of their property to residential use.

2) Why is the City allowing Cadence to sell off property with an obsolete building and build a new building elsewhere on their property?

The City is currently in the process of reviewing the development application submitted by Cadence. The proposal is consistent with the City's General Plan. In general, City policies seek to encourage economic growth and allow businesses to replace obsolete buildings, expand or renovate as needed in order to remain competitive within certain parameters and regulations.

3) I think many of us would rather contend with the issue of Cadence requesting approval to build their new 5-story building in the location where Essex is proposing high-rise residential buildings. Why does the City allow for proposals for residential development on property that is zoned commercial without rezoning taking place before request for proposals?

As part of the update to the North San Jose Area Development Policy, the City determined that adding residential lands within the North San Jose area west of Interstate 880 will help to alleviate traffic congestion over the long term. Appropriate sites for new residential development were identified based upon the location of existing residential development, proximity to residential amenities, land availability and opportunity for improving the existing interface between industrial and residential uses. The General Plan was then modified, through a public process, to allow residential development as part of the update to the North San Jose Area Development Policy. City ordinances require that the properties also go through a rezoning process and a land use permit process prior to issuance of Building permits.

Private property owners in San Jose have the ability to file a rezoning request for their property at any time. According to City Ordinance, the City does not give direction regarding or recommend specific consultants, design professionals, etc. Requesting a rezoning is a typical first step in the development process. The City's General Plan provides the long-term land use framework by which the City evaluates requested zoning changes.

4) It sure seems that it makes more to have the justification for rezoning being approved and then send out a request for proposals. Shouldn't the City expect multiple bids?

The City conducted a Request for Proposal process for North San Jose design guidelines in the summer of 2006. The City is working to finalize a contract with a consultant that will include development of neighborhood plans and specific guidelines for new residential development in North San Jose concurrent with the review of the development applications already on file with the City. The City already has a variety of design guidelines and other policies, including the North San Jose Area Development Policy, that provide criteria for City staff to use in the review of any proposed development projects. All of these policies are developed and adopted through processes that include multiple opportunities for public input.

As noted above, City ordinances allow property owners to submit development proposals at any time. The City is obligated, under State law, to respond to and process those proposals in a timely fashion. Requests for rezoning, once deemed complete, are scheduled for public hearing before the City Council. Staff is working with developers of the privately initiated zoning proposals and community residents to identify suitable sites for parkland dedication and to address other community concerns through the rezoning process.

5) What is the justification for why only one developer's proposal is acceptable?

Property owners or private developers in cooperation with property owners initiate development projects for privately owned property. The City regulates development but does not solicit bids for private development projects as is done for a public project.

All developer proposals are reviewed by Planning staff for consistency with existing City policy. This review process provides both formal and informal opportunities for public input, including community meetings and public hearings. Rezoning applications are considered by the Planning Commission and the City Council. The City Council will ultimately determine if the proposal should be approved or not. City staff is not able to direct a private property owner to hire any particular consultant, designer etc., nor can the City dictate the process by which the property owner selects such professionals.

6) Similarly I would like to understand the evolution of the redevelopment of the Sony property. To many of us it sounds like the City made a deal with Sony to keep Sony in San Jose.

The Sony property was identified and designated for residential development as part of the Policy update. The update was conducted as a public process with multiple community meetings, public hearings and other opportunities for public input. The decision to allow for the conversion of some land to residential use within North San Jose was made to facilitate the internalization of commute trips within the North San Jose employment center. Sites suitable for residential development were initially selected based upon several factors including proximity to existing residential development, minimization of conflict with existing industrial uses, proximity to potential amenities and availability of land. Sony and other corporations were not involved in staff's initial analysis. Staff initially proposed to designate the majority of the undeveloped Sony site for residential use to facilitate preservation of Sony's one existing building. As part of the public outreach conducted for the Policy update, Sony and other property owners were contacted and given an opportunity to comment on the staff proposal. Sony requested that the City expand the proposed residential overlay to include the entirety of their site, indicating a desire to relocate out of their current facility. Based on Sony's intent to relocate, staff agreed that it was appropriate to include the entire site and included it as part of the staff recommendation to City Council. The City Council approved the residential overlay as recommended by staff. The City's Office of Economic Development (OED) subsequently provided assistance to Sony in their efforts to relocate within San Jose. OED provides this type of service on a regular basis to companies located within San Jose or considering relocation to San Jose.

7) I would like to see the analyses performed showing what the impacts are in terms of cost/benefit, revenue, taxes, etc. under the following conditions for both the Cadence and Sony.

Scenario 1: Property remains commercial owned by Cadence and Sony.

Scenario 2: Property is sold but remains commercial.

Scenario 3: Property is sold and rezoned residential

Such analysis if properly conducted is extremely complex and beyond the scope of City's budget to perform for all development proposals. Maintaining and promoting economic development opportunities is an important goal of the City's General Plan and reflected in several City policies. Property owners have the right to transfer properties at their discretion, so the City does not have the ability to choose between Scenario 1 and Scenario 2. In general the City recognizes the fiscal benefit of commercial lands, but providing residential land in close proximity to existing employment centers has complex direct and indirect economic benefits.

The City did receive considerable input from business owners related to the strategies for economic development incorporated into the updated Area Development Policy. The new Policy is intended to promote economic development by providing additional capacity for growth or intensification along with increased flexibility for industrial property owners.

8) I would like to propose a fourth scenario to be considered and that is regarding the Cadence property where the City purchases the property and we get the park that was originally promised and one for North San Jose with all of the amenities. Or for the City to at least purchase a portion of the property such that when combined with the 2.4 acres will meet the general plan for 3.5 acres per 1000 residents.

The City does not have adequate financial resources to purchase these properties. The proposed redevelopment of the Sony and Cadence properties will provide an opportunity to develop a new park site that would not have otherwise existed through implementation of the City's Parklands Dedication Ordinance. It would also be inconsistent with City goals to take an action that would possibly encourage Cadence to relocate out of San Jose.

The City is in the process of developing additional design guidelines specific to North San Jose, including neighborhood plans that will identify sites for parks and other community facilities. These policies will be developed through a public process that will include additional opportunities for community input. Currently the North San Jose area has only one public neighborhood park (Moitozo Park). Implementation of the Policy will eventually result in the addition of seven new neighborhood parks (approximately 5-acres each in size) throughout the North San Jose.

9) From a much broader perspective it is obvious to many of us residents that the North San Vision is flawed with respect to the River Oaks area. The City and Mr. Reed must have blinders on not to see that there are many policy issues that need to be corrected before the vision can begin to be implemented.

The City Council approved the North San Jose Area Development Policy update recognizing that this important policy change provides a well thought through approach to providing important

development capacity to support the further economic growth of North San Jose. The Policy provides guiding principles upon which additional policies can be developed to continue implementation of the Policy. This is an ongoing process.

10) In several cases the City appears to be going against its own policies. I believe Mr. Reed should be leading a task force as Don (sic) Cortese has done for his district and the Evergreen project (which is now on hold).

Extensive public outreach was conducted for the Vision North San Jose project, well beyond the level required by the City's Public Outreach Policy. Local residents, property owners and business owners were included in the public outreach process and the final version of the Policy was modified to incorporate their input. The City utilizes a large variety of approaches to planning and public outreach based upon the context of the planning area. The City followed a process for preparation of the North San Jose Area Development Policy consistent with the specific needs and context of North San Jose.

11) If there is 9 million sq. ft. of vacant industrial/commercial property why isn't that property being re-developed before committing to generating 26.7 million sq. ft. of new space in North San Jose?

North San Jose Area Development Policy includes multiple policies that will strengthen the City's largest employment district. An important goal of the Policy update is to provide flexibility for new economic development. In many cases existing industrial/commercial space is obsolete and difficult to market, but the old North San Jose policy significantly discouraged redevelopment of those properties to make them more marketable. In other cases, a property owner may want to expand on site rather than relocate. The new Policy provides flexibility to address these and other similar situations. The addition of housing, transportation network improvements and other amenities also provides for the long-term sustainability of North San Jose as an employment center.

12) Other questions that I would like answered are: How is the \$27 million in lawsuits being paid, (where is the money coming from to pay the lawsuit) against (sic) the City from Santa Clara and Milpitas)? Where is the \$570 million in new transportation improvements coming from? (Between now and 2030 that is about \$22 million year starting in 2007)

The North San Jose Area Development Policy is a policy framework that provides development capacity for the development of up to 26.7 million square feet of industrial development and up to 32,000 residential units. Such development may or may not occur depending upon market demands. As part of the adoption of the Policy, the City also established a Traffic Impact Fee for North San Jose. Developers of new industrial and residential projects will be required to pay this impact fee prior to issuance of Building Permits. If all of the potential development occurs, it will generate approximately \$490 million in revenue. This money will become available concurrent with development going forward. Additional funding for transportation improvements and the settlement will come from Redevelopment Agency revenue or from State or regional funding sources. North San Jose is the largest generator of Redevelopment Agency funds for San Jose.

13) Where are the jobs for new residents if the Cadence and Sony projects come to fruition as some form of residential units? Where are the jobs and light rail that are in close proximity? (What is the definition of close proximity?)

Most new job growth occurs within existing industrial areas including North San Jose and the neighboring communities to the west. The Association of Bay Area Governments (ABAG) projects that approximately 240,000 jobs will be added to San Jose and a total of 440,000 to the County over the next 25 years. New residential development within North San Jose will be closer to those jobs than residential development located within other potential residential growth areas in south and east San Jose or in other communities further south and east. The standard for normal walking distance to a transit facility is 2,000 feet. However, there is also a significant benefit for locating housing near jobs, even if commutes are still vehicle based, as it can reduce the length of the vehicle commute and thereby reduce traffic, air quality and other impacts.

One goal of the new Policy is to support the development of an Industrial Core area along the North First Street light rail corridor. The Policy allows for the intensification of industrial users in this area and supports in particular the concentration of driving industry and corporate headquarters facilities. This area is considered appropriate for such a vision based upon existing land uses, and due to proximity to the Airport, freeways and light rail system.

14) Lastly, I would like to give an example from my own personal experience. I've been a resident of Santa Clara County for over 40 years and moved to Villagio at River Oaks in 1996 when I accepted a position at Sony. I envisioned walking to work which is just about one mile away. That takes about 20 minutes without working up too much of a sweat so that I did not have to change clothes. It was great when the weather permitted but even then if I was running late, which turned out to be fairly often, I used my car. Also if I drove I would get to and from work in 10 minutes instead of 40 minutes. The real crux of this anecdote is that within less than a year Sony was going through layoffs on several projects so I wound up commuting to Mountain View for employment until my retirement. My "vision" to be in close proximity work was side-blinded in less than a year. The City has unrealistic expectations in its vision to have residential units in close proximity to work unless it is residential over retail where the retail owner could "roll out of bed and go to work". It is absolutely unrealistic in the River Oaks area.

By living in North San Jose you are located closer to your job in Mountain View than you would be if you lived in south or east San Jose or some other community further to the south or east. Providing additional housing within North San Jose is intended to provide an opportunity for people to live closer to their place of employment. It also makes it possible for some people to live within walking distance of their work. The City expects, per the traffic analysis conducted for the Vision North San Jose project, that only a small percentage of people will actually walk to work. A slightly larger, but still small percentage will use transit. While the North San Jose Policy is not based on a dramatic change in the lifestyle of San Jose residents, it is intended to reduce the overall impacts of anticipated growth in the region by providing for shorter commute options and enhanced use of existing transit facilities.